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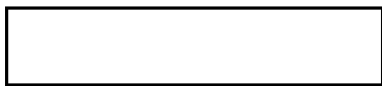
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LEBANON

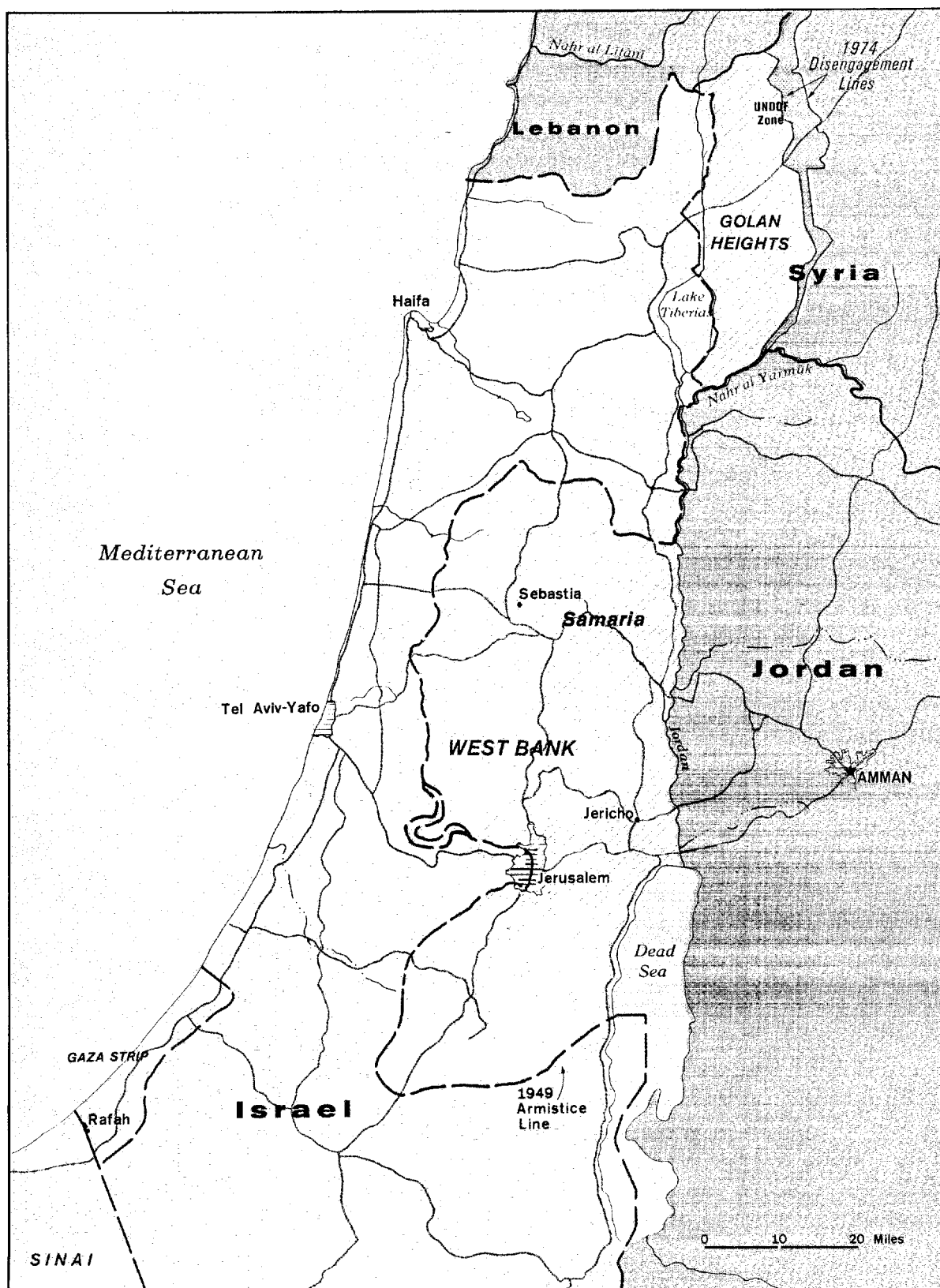
The Lebanese parliament is scheduled to elect a new president today, despite a last-minute bid for postponement by leftist leader Kamal Jumblatt. As of early this morning, security in Beirut seemed sufficient to permit convocation of the assembly. Heavy fighting in the mountains northeast of the capital, however, could prompt flare-ups elsewhere.

If the cease-fire holds throughout the day, most indications are that Ilyas Sarkis—the candidate backed by the Syrians and the Christian Phalanges Party—will have the majority of votes needed to win on a second ballot.

Jumblatt and his preferred candidate, Raymond Edde, are likely to boycott the session, which would mean that 16 deputies at a minimum would probably not participate in the vote. A simple majority of the 98-member assembly is needed for a legal quorum, although Edde and Jumblatt, in an attempt to take advantage of an ambiguity in the constitution, argue that two thirds of the assembly is required for the election of a president.

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ISRAEL

The Israeli cabinet is scheduled tomorrow to hold what is expected to be a lengthy and heated debate on the coalition government's settlement policy.

The current struggle is between those who claim that Jews should be allowed to settle anywhere in the traditional "Land of Israel"—including the West Bank—and those who want to limit settlements to strategically important locations in order to leave open the option of territorial compromise in peace negotiations with the Arabs.

Early last December the government committed itself to debate the issue as part of a compromise agreement with the extremist Gush Emunim religious settlers movement, which was attempting to establish an unauthorized settlement near Sebastia in the Samaria region. The government has traditionally refused to permit Jewish settlements in this West Bank area, which is heavily populated by Arabs. Under the compromise, however, approximately 100 squatters were permitted to remain at a nearby Israeli army camp, pending the government's review of its overall settlement policy.

Tomorrow's debate pits the National Religious Party and the conservatives within Prime Minister Rabin's Labor Party—including Defense Minister Peres' Rafi faction—against the left-wing Mapam Party and Labor moderates led by Foreign Minister Allon. Allon and Mapam leaders strongly oppose permitting the settlers to remain in Samaria. Mapam, in fact, has threatened to vote against the government in the Knesset if the squatters are not evicted.

Religious Party spokesmen and Peres argue that no part of the occupied territory should be subject to a blanket prohibition against Jewish settlement. Peres has indicated, however, that he would abide by the will of the majority of the cabinet. The Religious Party has threatened to leave the coalition if the government tries to evict the Sebastia squatters.

In order to avoid a cabinet crisis over the issue, Rabin reportedly has been working for the past week on a compromise formula. His compromise reportedly would not deal specifically with the question of the would-be settlers near Sebastia. It would, however, make clear that the government does not intend to authorize a settlement there.

The compromise—which apparently has the approval of the chairman of the Ministerial Committee on Settlement, Labor's influential Minister without Portfolio Yisrael Galili—would stress the government's adherence to its traditional policy of

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settlements in "places and in situations" serving Israel's political and security goals. These areas include settlements in the Jordan River Valley, the Golan Heights, and the Rafah area near the Gaza Strip in the Sinai.

Rabin will probably oppose Mapam's demands for the forcible removal of the Sebastia squatters to avoid provoking the Religious Party, and instead offer to negotiate with the settlers the option of moving to an authorized site elsewhere. Should the settlers remain implacable, Rabin could order the military to cease providing them logistic support.

Rabin's compromise is not likely to please either side, but it stands a reasonable chance of being accepted. The moderates could claim to have prevented government authorization of the Sebastia settlement, while conservatives might be mollified with a strong reiteration of the government's commitment to the principle of Jewish settlement in the occupied territories. Rabin is strengthened by the fact that none of the Labor Party's coalition partners appears bent on breaking up the coalition over the issue.

The Arabs are likely to see in the probable outcome of the debate further proof of their contention that Israel is bent on establishing a permanent presence in the occupied territories. The outcome will probably give new impetus to Arab protest demonstrations against the Israeli occupation.

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FRANCE

Defense Minister Bourges, in a recent appearance before the Defense Committee of the National Assembly, outlined government plans for defense spending. He projected that the defense budget will account for 20 percent of the national budget by 1982. The military budget for 1977 totals approximately \$12.4 billion compared to the \$10.8 billion allocated for 1976.

The main points of the five-year program include retention of the conscript system, with a slight reduction of army strength from 330,000 to 311,000. The air force will reportedly receive 200 new aircraft, including new Jaguars and Alpha Jets. The army program includes funding for Pluton regiments, AMX-10RC armored vehicles, and new assault rifles. The navy budget includes funds for a sixth nuclear-powered ballistic-missile submarine, Etendard aircraft, a nuclear-powered helicopter carrier, and the first 4 of 20 nuclear-powered attack submarines. Strategic and tactical nuclear forces still retain top priority, although after 1985, the role of the Mirage IV strategic bomber will reportedly be assumed by nuclear-powered ballistic-missile submarines and intermediate-range ballistic missiles.

In an interview on Wednesday, President Giscard cited the uncertain world situation and the need for better equipped and trained military forces as reasons for the projected budget increases. He stated the nuclear deterrent was not applicable to all situations. He referred to the recent conflicts in Vietnam and the Middle East where conventional forces were employed. French conventional forces have taken a back seat to nuclear arms, and the 1976 budget was criticized by some because it neglected conventional requirements. The proposed budget appears to be an effort to remedy this situation.

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YUGOSLAVIA

The nine-member collective presidency yesterday selected its youngest member, 48-year-old Vidoje Zarkovic, as vice president. If President Tito dies within the next year, Zarkovic would become Yugoslavia's new president.

Zarkovic will replace Vladimir Bakaric of Croatia, whose one-year tour as the ranking vice president ends on May 16. In Yugoslavia's rotational system, Zarkovic was next in line to become vice president. Zarkovic's duties will be extensive because many of Tito's protocol and routine substantive responsibilities have been turned over to the vice presidents since his health deteriorated.

Zarkovic is a Montenegrin. After World War II, he spent nearly 20 years in the military—mostly in political-administrative jobs—and reached the rank of major-general. In the mid-1960s, he returned to Montenegro and held the top party and government posts in the republic within four years. He has been a member of the collective presidency in Belgrade since its creation in 1971

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JORDAN-SYRIA

King Husayn will be in Damascus today for one of his periodic policy consultations with President Asad. The two leaders are likely to discuss the outcome of Husayn's recent trip to the US, the Lebanese situation, and Syria's intentions regarding the mandate of the UN observer forces on the Golan Heights, which comes up for renewal on May 30. They may also discuss the current status of the Jordanian-US Hawk missile deal.

Amman yesterday announced that the Soviet air force commander, Marshal Kutakov, will visit Jordan later this month. Jordan invited Kutakov in an apparent effort to keep open the option of turning to Moscow for an air defense system if the Hawk missile deal cannot be put back on track.

There has been considerable press speculation that Husayn and Asad will announce plans for a confederation between Jordan and Syria. Should such an announcement be made, it is likely to be a symbolic step at most, designed to underscore the closer political relations between the two countries.

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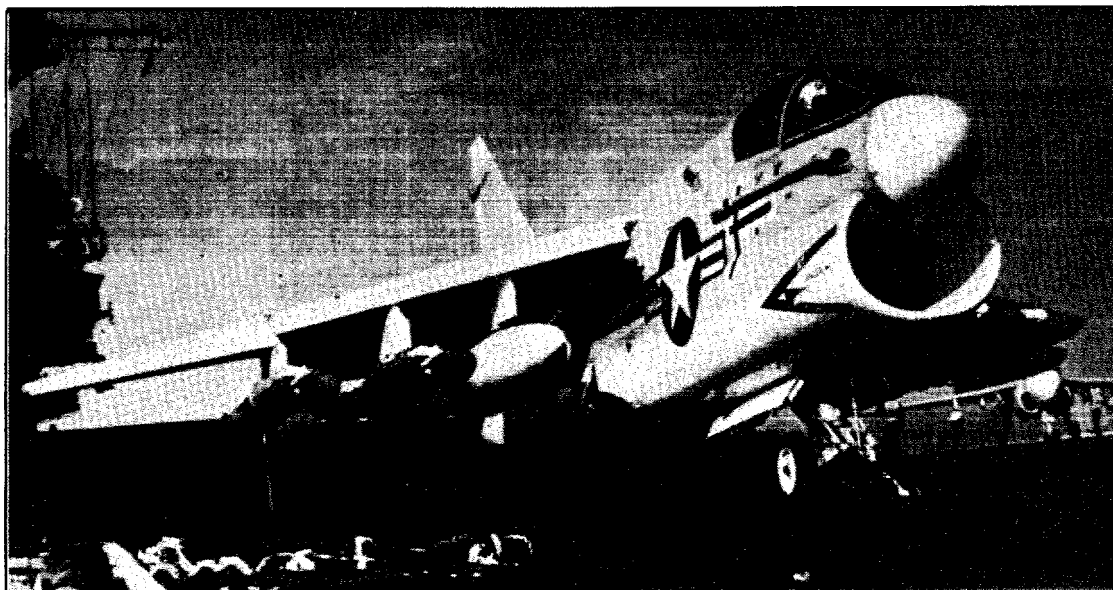
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PAKISTAN

Pakistan will formally ask the US for authorization to buy as many as 110 A-7 fighter bombers. The A-7 is primarily a close air support aircraft used to attack armor, ground forces, and installations. The \$500- to \$600-million order would probably be financed largely by Persian Gulf states.

Pakistan's air force has long favored the A-7 as a replacement for its 80 to 90 F-86 aircraft, but the US froze such sales to South Asia until February 1975. Since then, Pakistan has ordered about \$100 million worth of US materiel, including trainer aircraft, armored personnel carriers, TOW antitank missiles, and communications and support equipment.

None of the aircraft in India's inventory approaches the capabilities of the A-7. New Delhi has for some time considered purchasing a new strike fighter, such as the Anglo-French Jaguar or the Swedish Viggen. India would probably feel compelled to do so if Islamabad acquires the A-7, despite the Indians' substantial quantitative advantage in fighter aircraft.

**Corsair II A-7E Attack Bomber**

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LAOS-USSR

Laos reaffirmed its strong ties with the USSR at the end of Prime Minister Kaysone Phomvihane's visit to Moscow on May 5.

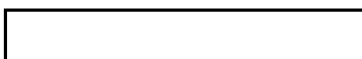
During Kaysone's two-week visit, the two sides signed a series of accords that probably include a new Soviet aid commitment. The extent of aid was not revealed, but in the communique the Lao extravagantly praised the Soviets for their assistance and support.

A pronounced tilt in favor of Moscow was evident in the Lao endorsement of Soviet positions on international communist and foreign policy issues. Laos supported the Soviet position on "proletarian internationalism," a codeword for Moscow's primacy in the international movement. In recent months, this question has become a live issue between Moscow and the independent West European communists, and the Soviets have been seeking support for their line.

The Lao also accepted the new Soviet formula on Asian collective security. In endorsing General Secretary Brezhnev's scheme for Asian "peace and stability" through the "joint efforts of the states of this continent," the Lao moved a step ahead of their mentors in Hanoi.

Kaysone's alignment with Moscow on these sensitive issues will strike a raw nerve in Peking. The Chinese have always held that Moscow's Asian collective security scheme is aimed at developing a pro-Soviet alliance along China's perimeter.

The Chinese expressed concern over the emphasis Vientiane places on its relations with the Soviets during Kaysone's visit to China in March, and Kaysone's acceptance of Moscow's positions cannot help but deepen Chinese suspicions of the Lao leadership. It may also aggravate China's already cool relations with the Vietnamese, who the Chinese believe are guiding Lao foreign policy.

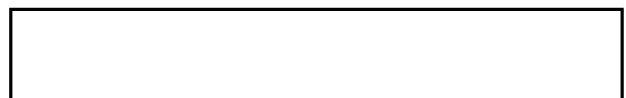


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